GOVERNMENT OF INDIA
MINES AND MINERALS
LOK SABHA

UNSTARRED QUESTION NO:5478
ANSWERED ON:28.04.2000
AMENDMENT IN COAL MINES NATIONALISATION ACT
ANANTRAO GUDHE;ANNA SAHEB M.K. PATIL;ARUN KUMAR;NAWAL KISHORE RAI

Will the Minister of MINES AND MINERALS be pleased to state:

(a) whether the Government are considering a proposal to amend Coal Mines (Nationalisation) Act to open coal mining sector for private sector;

(b) if so, the details of the proposal under consideration and its present status of final decision; and

(c) the justification for opening coal sector for FDI/Private Sector investment?

Answer

MINISTER OF STATE FOR MINES & MINERALS

(SMT. RITA VERMA)

(a) to (c): The Government have decided to amend the Coal Mines (Nationalisation) Act, 1973 to allow the Indian companies to mine coal and lignite without the existing restriction of captive consumption and also to engage them in exploration of coal and lignite resources. The Committee on Integrated Coal Policy set up by the Planning Commission in April, 1995 to assess the demand of coal in the Ninth and Tenth Plan period concluded that the supply-demand mismatch for coal in the country will become very serious unless measures for supply augmentation are vigorously pursued. The coal demand in the country is expected to increase severalfold within the next few years on account of the burgeoning demand from the power, steel and cement sectors. Even on a conservative estimate, the gap between demand and supply of coal in the terminal years of X and XI Plans is expected to be in the region of 73 million tonnes and 94 million tonnes respectively. It would be difficult for the nationalised coal companies and the existing captive coal mine companies to bridge this gap. Import of coal to meet the emerging shortage is not a sound step in the interest of national economy. Therefore, a decision has been taken to amend the Coal Mines (Nationalisation) Act, 1973 for participation of the Indian companies in non-captive coal and lignite mining and exploration of coal and lignite reserves in the country. Such Indian companies can do the mining and exploration of coal and lignite in case the Coal Mines (Nationalisation) Amendment Bill, 2000 is passed by the Parliament.